

(e) If a State does not notify ONRR under paragraph (c) or (d) of this section, the State will be deemed to have decided not to allow either of the relief options under this subpart for the next calendar year.

(f) ONRR will publish a notice of the State's intent to allow or not allow certain relief options under this section in the FEDERAL REGISTER no later than 30 days before the beginning of the applicable calendar year.

**§ 1204.209 What if a property ceases to qualify for relief obtained under this subpart?**

(a) A marginal property must qualify for relief under this subpart for each calendar year based on production during the base period for that calendar year. The notice or request you provided to ONRR under § 1204.205 for the first calendar year that the property qualified for relief remains effective for successive calendar years if the property continues to qualify.

(b) If a property is no longer eligible for relief for any reason during a calendar year other than the reason under § 1204.210 or paragraph (c) of this section, the relief for the property terminates as of December 31 of that calendar year. You must notify ONRR in writing by December 31 that the relief for the property has terminated.

(c) If you dispose of your interest in a marginal property during the calendar year, your relief terminates as of the end of the sales month in which you disposed of the property. Report and pay royalties for your production using the procedures in § 1204.202(e).

**§ 1204.210 What if a property is approved as part of a nonqualifying agreement?**

If the Bureau of Land Management (BLM) or BOEMRE retroactively approves a marginal property that qualified for relief for inclusion as part of an agreement that does not qualify for relief under this subpart, the property no longer qualifies for relief under this subpart then:

(a) ONRR will not retroactively rescind the marginal property relief for production from your property under § 1204.211;

(b) Your marginal property relief terminates as of December 31 of the calendar year that you receive the BLM or BOEMRE approval of your marginal property as part of a nonqualifying agreement; and

(c) For the calendar year in which you receive the BLM or BOEMRE approval, and for any previous period affected by the approval, the volumes on which you report and pay royalty for your lease must be amended to reflect all volumes produced on or allocated to your lease under the nonqualifying agreement as modified by BLM or BOEMRE. Report and pay royalties for your production using the procedures in § 1204.202(b).

(d) If you owe additional royalties based on the retroactive agreement approval and do not pay your royalty by the date due in § 1204.202(b), you will owe late payment interest determined under § 1218.54 from the date your payment was due under § 1204.202 (b)(2) until the date ONRR receives it.

**§ 1204.211 When may ONRR rescind relief for a property?**

(a) ONRR may retroactively rescind the relief for your property if ONRR determines that your property was not eligible for the relief obtained under this subpart because:

(1) You did not submit a notice or request for relief under § 1204.205;

(2) You submitted erroneous information in the notice or request for relief you provided to ONRR under § 1204.205 or in your royalty or production reports; or

(3) Your property is no longer eligible for relief because production increased, but you failed to provide the notice required under § 1204.209(b).

(b) ONRR may rescind relief for your property if ONRR decides to take royalty in kind.

**§ 1204.212 What if I took relief for which I was ineligible?**

If you took relief under this subpart for a period for which you were not eligible, you:

(a) May owe additional royalties and late payment interest determined under § 1218.54 from the date your additional payments were due until the date ONRR receives them; and